88-811

No.

SUPREME COURT, U.S.
FILED
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In the Supreme Court

OF THE

United States

OCTOBER TERM, 1988

U.S. ROBOTICS, INC.,
Respondent,

VS.

BUSINESS COMPUTER CORPORATION,
Petitioner,

and MICHAEL D. EATON.

BUSINESS COMPUTER CORPORATION,
Petitioner,

VS.

PROMETHEUS PRODUCTS, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED

Where a patent was successfully re-examined pursuant to a procedure which is the subject of specific Congressional legislation for the specific purpose of strengthening the validity of patents, did Congress intend the presumption of validity also be strengthened?

PARTIES TO THE PROCEEDING

The petitioner is Business Computer Corporation. Business Computer Corporation has no parent, subsidiary, or affiliated companies.

The respondents are U.S. Robotics, Inc., and Prometheus Products, Inc.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Business Computer Corporation hereby petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

There is no reported opinion for either the District Court or the Court of Appeals for the Federal Circuit.

JURISDICTION

The judgment of the Court of Appeals for the Federal Circuit was entered August 17, 1988. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1) (1982).

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

Article I, Section 8, of the Constitution of the United States of America provides as follows:

> "Congress shall have the power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"

The patent statutes provide:

35 U.S.C. § 302

> "Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art. . . ."

35 U.S.C. § 282

> "A patent shall be presumed valid."

STATEMENT OF THE CASE

U.S. Robotics brought a declaratory judgment suit against Business Computer Corporation in the Northern District of Illinois for a declaration that U.S. Patent No. 4,387,440 ("Eaton patent") was either invalid or not infringed. Business Computer Corporation counterclaimed for infringement of the Eaton patent.

That action was transferred to and later consolidated with an Eaton patent infringement suit brought by Business Computer Corporation against Prometheus Products, Inc., in the Northern District of California. The consolidated action demanded a trial by jury.

In the course of discovery in the case, a number of technical references were brought to the attention of Business Computer Corporation. Business Computer Corporation filed for a re-examination of the Eaton patent in light of these new references, pursuant to 35 U.S.C. § 302 (1982). The Eaton patent was successfully re-examined.

Subsequently, respondents brought a motion for summary judgment that the re-examined Eaton patent was invalid. Without any hearing or oral argument on the motion for summary judgment, the District Court rendered an opinion and entered judgment finding the re-examined Eaton patent invalid.

The Court of Appeals in a terse, three-page, unreported opinion, affirmed the judgment below. The Court of Appeals decided the case without discussing or citing any case authority of whether a re-examined patent should be given a greater presumption of validity. In short, the foundation (the presumption of validity) that is the underpinning of a strong patent system was not discussed, and the opinion for or against the question presented was not reported and cannot be cited as precedent.

REASONS FOR GRANTING THE PETITION

Prior to 1980, patents were judicially held invalid at an alarming rate. To strengthen the validity of patents, Section 1 of Public Law 96-517 was enacted December 12, 1980. Pub. L. 96-517 § 1, 94 Stat. 3015 (1980) (codified at 35 U.S.C. §§ 301-307 (1982)). That statute provided, inter alia, that a patent, even once issued, may be re-examined by the Patent and Trademark Office for the purpose of strengthening the validity of that patent. The legislative history reports one of the purposes of the legislation is to "strengthen[s] investor confidence in the certainty of patent rights". See Legislative History of Pub. Law 96-517, p.6460, 6462, H.R. Rep. No.96-1307, 96th Cong.2nd Sess., *reprinted* in 1980 U.S. Code Cong. & Ad. News 6460.

President Carter in signing the legislation stated "The patent reexamination procedures . . . constitute the most significant improvement in our patent laws in more than a century. . . This legislation will improve the reliability of reexamined patents."

Statement by the President, Office of the White House Press Secretary, December 12, 1980, as reported in Adamo, *Reexamination—To What Avail? An Overview*, 63 J. Pat. Off. Soc'y 616, 616 n. 2 (1981). In fact, the Court of Appeals in *Patlex Corporation v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1985) found that one of the legislative purposes of the re-examination proceeding is "to revive United States industry's competitive vitality by restoring confidence in the validity of patents issued by the PTO." *Id.* at 601.

Although Public Law 96-517, providing for the re-examination procedure, was enacted it did not alter the language of 35 U.S.C. § 282, the presumption of validity. Thus, there are two possible interpretations of the re-examination procedure on the presumption of validity. The first interpretation is that Congress intended the validity of reexamined patents to be enhanced. Petitioner relied upon this interpretation and urged its adoption in the proceedings below. However, neither the District Court nor the Federal Circuit adopted this interpretation. Instead, the Federal Circuit held, in the last paragraph of the opinion (page A-3), that the legal standard for validity of a re-examined patent is no different than for a patent which has not been re-examined.

Another interpretation is that Congress did not intend the standard of presumption of validity be altered—even after reexamination. However, this would appear to be contrary to the legislative intent of restoring confidence in the patent system, as expressed by Congress, the President, and as found by the Federal Circuit in *Patlex v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1985). At least one commentator has stated "[T]he statutory presumption of validity offers the only direct avenue for reexamination to manifest an effect on the validity, from a patentability standpoint, of issued patents." Adamo, *supra*, at 643. Further, neither the District Court nor the Federal Circuit has discussed the nexus, if any, between the legislative intent of restoring confidence to the patent system, and the presumption of validity.

Thus, even if petitioner is incorrect in its interpretation of legislative intent and its manifestation in the presumption of validity, the public has not had the benefit of any discussion or

case law clarifying the legislative intent of this recently enacted, economically important, legislation.

This Court is no stranger to the importance of interpreting Congressional intent in the Patent Laws. See *Diamond v. Chakrabarty*, 447 U.S. 303 (1980). As this Court stated "once Congress has spoken, it is 'the province and duty of the judicial department to say what the law is.' " *Id.* at 315, *quoting Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). Further, this Court has recognized the importance of *stare decisis* for the "broad societal interest in evenhanded, consistent, and predictable application of legal rules." *Thomas v. Washington Gas Light Co.*, 448 U.S. 261, 272 (1980). Thus, petitioner respectfully requests the grant of this petition for the purpose of clarifying Congressional intent and for the purpose of *stare decisis*.

CONCLUSION

The specific legislative intent of Congress is thwarted when judgments are affirmed without discussing legislative intent and opinions underlying such judgments are not citable as precedent. Certiorari should be granted to review the decision of the Federal Circuit.

Respectfully Submitted,

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(Appendix follows)

APPENDIX

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

88-1173

U.S. Robotics, Inc.,
Plaintiff-Appellee,

v.

Business Computer Corporation,
Defendant-Appellant,

and

Michael D. Eaton,
Defendant.

Business Computer Corporation,
Plaintiff-Appellant,

v.

Prometheus Products, Inc.,
Defendant-Appellee.

Decided: August 17, 1988

Before Markey, *Chief Judge*, Nies and Michel, *Circuit Judges*. Markey, *Chief Judge*.

DECISION

Partial summary judgment by the U.S. District Court for the Northern District of California, No. C 84 6315 SC (Conti, J.) to Prometheus Products Incorporated and U.S. Robotics Incorporated (Prometheus), holding U.S. Patent No. B1 4,387,440 of

Business Computer Corporation (BCC) invalid. The case is before us having been certified under Fed. R. Civ. P. 54(b). We *affirm*.

OPINION

The district court correctly granted the motion for summary judgment. Summary judgment is appropriate because there is no genuine issue of fact, material to the conclusion as to whether the Eaton invention would have been obvious. Although validity of the patent is presumed under 35 U.S.C. § 282 (1982) and Prometheus had the burden of proof, BCC, to avoid summary judgment, must set forth specific facts showing the existence of a genuine issue of material fact for trial. *Celotex Corp. v. Myrtle Nell Catrett*, 477 U.S. 317, 322-23 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986); *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 585-87 (1986). BCC has failed to set forth facts demonstrating genuine issues of material fact as to any of the inquiries involved in determining obviousness.

The district court correctly considered the obviousness of the Eaton invention under the criteria for determining obviousness under 35 U.S.C. § 103 (1982). *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966). The White reference is prior art under 35 U.S.C. § 102(b) (1982) because White's device was "on sale in this country" more than one year prior to the filing of the patent application, i.e., in 1978 and early 1979.

The district court properly noted that none of the four alleged differences between the White system and the Eaton claims raises a genuine issue of material fact. The modem versus computer difference is an assertion of non-analogus art that fails because both are directed to the same problem. *Shatterproof Glass Corp. v. Libby-Owens Ford Co.*, 758 F.2d 613, 620, 225 USPQ 634, 638 (Fed. Cir.), *cert. dismissed*, 474 U.S. 976 (1985); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1535, 218 USPQ 871, 876 (Fed. Cir. 1983). The dedicated controller versus standard computer difference fails because Eaton's means-plus-function claim subsumes the standard computer. The differences relating to the

escape signal and sequence were rejected during reexamination as not constituting patentable distinctions.

There is no genuine issue of material fact on the level of ordinary skill, which would clearly include an awareness of how to modify the White system.

The testimony of BCC's president regarding secondary considerations is insufficient to raise a genuine issue of material fact.

Whether White is no more relevant than Pugh does not raise a genuine issue of material fact. The issue is a legal one, i.e., whether the Eaton invention would have been obvious under 35 U.S.C. § 103 in view of White. The district court, in its analysis of the instant undisputed facts in accordance with the *Graham* obviousness inquiries, correctly determined that question in the affirmative.